

Ask the TIC

Electronic SED Filing

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Electronic filing of the SED, or shipper's export declaration, now accounts for 88 percent of all eligible export shipments. While filing paper SEDs is still acceptable for most exports, a recent regulatory change makes electronic filing for certain exports mandatory. Further, electronic filing for all exports that currently require an SED will become mandatory in April 2004.



UNDER WHAT CIRCUMSTANCES MUST AN SED BE FILED?

The U.S. Bureau of the Census and the U.S. Bureau of Customs and Border Protection use an SED or its electronic equivalent, called an Automated Export System (AES) record, to compile trade statistics, track exports, and if necessary prevent illegal shipments. The Automated Export System is an electronic way for exporters to file shipment information (and ocean carriers to file manifest information) directly to U.S. Customs. An SED or AES record must be filed for any shipment valued over \$2,500, or for any item that requires an export license.



WHAT IS THE AUTOMATED EXPORT SYSTEM?

The AES is a joint venture between U.S. Customs, the Foreign Trade Division of the Bureau of the Census (Commerce Department), the Bureau of Industry and Security (Commerce Department), the Directorate of Defense Trade Controls (State Department), other federal agencies, and the export trade community. It is the central point through which export shipment data required by multiple agencies is filed electronically to Customs, using the efficiencies of electronic data interchange (EDI). The AES provides an alternative to filing paper SEDs. Export information is collected electronically and edited immediately, and errors are detected and corrected at the time of filing. The AES was designed to ensure compliance with and enforcement of export-related laws, improve trade

statistics, reduce duplicate reporting to multiple agencies, and improve customer service. Filers of SEDs (USPPs—see below—and authorized U.S. forwarding agents) and filers of ocean manifests (ocean carriers) can use the Automated Export System.



HOW DOES THE AES WORK?

When an exporter decides to export merchandise, the exporter or his authorized agent makes shipping arrangements (a booking) with a carrier. The exporter or the authorized agent transmits the commodity (SED) information using the automated system. This information can come directly from the exporter or the authorized agent. The AES validates the data and generates a confirmation message or error messages back to the filer. It also validates the transportation data and then generates either a confirmation message or an error message. Any error messages generated by the automated system must be corrected and the corrections transmitted back to it.



WHAT ARE THE BENEFITS OF THE AES?

Whether you are an exporter or a service provider, the automated system has advantages for you. Here are some of them:

Ensure Export Compliance: The AES ensures your compliance with current U.S. export reporting requirements. The system returns an internal transaction number as confirmation that you have successfully filed your export documentation.

Decrease Your Costs: The system eliminates the cost of corrections with on-the-spot editing of data. It eliminates the costly delays of paper handling. It also eliminates duplicate reporting.

Eliminate Paper Review of Licenses against Shipments: The interface with the Commerce Department's Bureau of Industry and Security and the State Department's Directorate of Defense Trade Controls electronically validates data on export shipments against previously approved licenses and transmits the transaction to the appropriate government agency.



HOW DOES AN EXPORTER USE THE AES?

The system is flexible. It uses standard technology available to both large and small businesses.

The AES offers options for transmitting export shipment data. You have the choice of using

- Software developed by an AES user.
- Software purchased from a vendor.
- A value-added network electronic mailbox.
- *AESDirect*, a free Internet application supported by the Bureau of the Census (www.aesdirect.gov).



HOW DOES MANDATORY AES FILING CHANGE HOW AN SED IS FILED?

As of October 18, 2003, AES filing is now mandatory for the export of commodities on the U.S. State Department's U.S. Munitions List (USML) or the U.S. Commerce Department's Commerce Control List (CCL), which currently require an SED. The mandatory AES requirement generally affects all items that require an export license, any items going to an embargoed country, and any items on the CCL valued over \$2,500, regardless of whether a license is required. To determine if your product needs a license, see www.bis.doc.gov. For guidance on filling out an SED, see www.census.gov/foreign-trade/www. For more information on export documentation, see "The Fundamentals of Export Documentation," *Export America*, October 2003, or visit www.export.gov/tic.

The changes affect an estimated 5 percent of all U.S. exports. However, in April 2004, AES filing will become mandatory for all export shipments that currently require an SED, regardless of their license status.



WHO MUST FILE THE SED OR AES RECORD?

The U.S. principal party in interest (USPPI) is responsible for filing the paper SED or its electronic equivalent. The USPPI is defined as "the person in the United States who receives the primary benefit, monetary or otherwise, of the export transaction. Generally, that person is the U.S. seller, manufacturer, order party, or foreign entity. The foreign entity must be listed as the USPPI if in the United States when the items are purchased or obtained for export."

The USPPI may authorize another party, for instance a freight forwarder, to file the SED or electronic record by granting the party the power of attorney.



HOW ARE FREIGHT FORWARDERS INVOLVED?

Freight forwarders are often equipped with software to file electronically. A freight forwarder may file an AES record on behalf of a USPPI if the forwarder has been authorized

by the USPPI's power of attorney. If the USPPI has filed the AES record before submitting the shipment to the freight forwarder, the USPPI must state that on the shipping instructions. This essentially makes the forwarder exempt from filing.



WHAT OTHER CHANGES AFFECT SED FILINGS?

The mandatory electronic filing of SEDs for CCL and USML items was the most important regulatory change in the export declaration process, but there are other requirements that affect both electronic and paper filers. The following additional information must be provided by the USPPI, or its authorized agent: a complete address for the location from which the merchandise begins its journey to the port of export, as well as the name, address, and employer identification number (EIN) of the authorized forwarding agent of the USPPI. In addition, new conditions govern the time and place to present either the paper SED, the proof of electronic filing, or an exemption statement. The time and place mandated is "when the cargo is tendered to the exporting carriers," before cargo is loaded.

As of October 18, 2003, the U.S. Bureau of the Census requires a new SED form, available at www.census.gov/foreign-trade/regulations/forms. (The new form is actually dated July 18, 2003.) U.S. Customs will accept both old and new paper versions of the SED through January 17, 2004. After that date, U.S. Customs will accept no versions of the SED other than the form dated July 18, 2003. ■

FOR MORE INFORMATION

The International Trade Administration of the U.S. Department of Commerce operates the Trade Information Center (TIC) for the 19 federal agencies comprising the Trade Promotion Coordinating Committee. These agencies are responsible for managing the U.S. government's export promotion programs and activities. You, too, can "Ask the TIC" by calling (800) USA-TRADE (872-8723), toll-free, Monday through Friday, 8:30 a.m. to 5:30 p.m. EST. Or visit the TIC at www.export.gov/tic.